MARYLAND COMMUTER TAX CREDIT

Getting Credit for Investing in Your Employees' Commuter Transportation to the Workplace

WHAT IS THE MARYLAND COMMUTER TAX CREDIT?

• Maryland employers, including 501(c)(3) or (4) organizations, may claim a tax credit for 50% of the eligible costs of providing commuter benefits up to a maximum of \$50.00 per participating employee per month. The Tax Credit can be taken against the personal or corporate income tax, or the insurance premium tax.

WHO QUALIFIES FOR THE TAX CREDIT?

- A person or corporation conducting or operating a trade or business in Maryland.
- An organization operating in Maryland that is exempt from taxation under section 501(c)(3) or (4) of the Internal Revenue Code.

WHAT ARE THE ELIGIBLE EXPENSES UNDER THE TAX CREDIT?

- Transit Instruments: cost of purchasing passes, fare cards, vouchers, tickets that entitle employees to transportation on a publicly or privately owned mass transit system with the exception of taxi service.
- Company Vanpool Program: invoice cost of expenses to support an employee vanpool including van purchase/lease, fuel, insurance, maintenance, safety, and equal access upgrades that are paid directly by the employer.

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- Guaranteed Ride Home Program: costs associated with operating a company GRH program which offers free rides home in case of personal illness, family emergency or unscheduled overtime to registered employees who ride in a carpool or vanpool, take transit, walk or bike to work at least twice weekly.
- Cash In Lieu of Parking: allows employer to receive a credit for offering a taxable cash allowance to employees in an amount equal to a parking subsidy the employer would normally pay or incur to provide employees parking spaces.

ARE VANPOOL EXPENSES ELIGIBLE?

Yes, provided:

- The travel is between the employees' homes and place of employment;
- The vehicle has a seating capacity of at least eight adults;
- At least 80% of the mileage is for the purpose of transporting employees; and
- At least one half of the vehicle's seating capacity is used.

HOW DOES AN EMPLOYER TAKE THE CREDIT?

- Each year, employers must submit a Maryland Commuter Tax Credit registration form to the State of Maryland prior to filing a tax return.
- Complete Form 500CR (specific section for the Commuter Tax Credit modified as applicable) to apply tax credits toward the total tax liability for the calendar year in which the expenses are paid to or on behalf of participating employees.

HOW DOES A NON-PROFIT CLAIM THE COMMUTER TAX CREDIT?

Non-profits may claim the tax credit by:

- Submitting a registration form to the MTA;
- Setting up an account with the Office of the Comptroller;
- Submitting participating employees'
 withholding taxes to the State, and retaining
 a portion as a tax credit; and
- Submitting a year-end MD Form 500CR.

WHAT IF I HAVE QUESTIONS ABOUT THE MARYLAND COMMUTER TAX CREDIT?

- Maryland Transit Administration, 410-767-8750, balves@mta.maryland.gov (Buddy Alves)
- www.commuterchoicemaryland.com
- Comptroller of Maryland, 800-638-2937, taxhelp@comp.state.md.us